What You May Not Know About Long-Term Care

PACIFIC LIFE

Pacific Life Insurance Company

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Life Insurance Protection with Long-Term Care Benefits

PACIFIC LIFE INSURANCE COMPANY

This is an insurance solicitation.

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What Is Long-Term Care (LTC)?

- Professional health care services you may need if you develop a chronic illness and are unable to perform at least 2 of the 6 activities of daily living (eating, bathing, dressing, toileting, continence, and transferring) for at least 90 days or develop a cognitive impairment severe enough to require supervision.

- A person may recover from a chronic illness requiring long-term care (e.g. motorcycle accident) or the condition may be permanent (e.g. dementia or Alzheimer’s Disease).

What Are Some Types of LTC?

- In-Home Care (family and friends may not be eligible for insurance reimbursement)
- Assisted Living Facility
- Nursing Home
- Community Care Center
- Adult Day Care
- Hospice Care

U.S. Long-Term Care Incidence

- Age
- Health and family history
- Gender
- Alzheimer’s

LTC Considerations

Common Misconceptions About Who Pays

- Government Programs (i.e. Medicare and Medicaid)
- Health Insurance
- Disability Insurance

Options for Paying

- Long-Term Care Insurance
- I'll Use My Own Assets, Self-Insuring

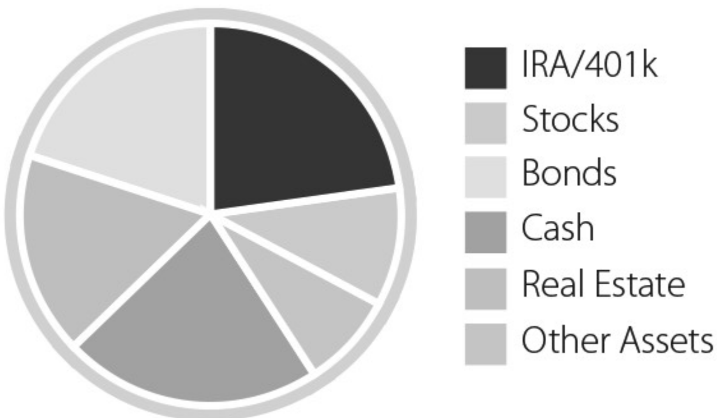
Your smartest option may be to plan ahead.

Are Affluent Individuals Concerned?

If a Client Can
“Buy A Nursing Home…”

Why Consider
Long-Term Care Protection?

Self-Insuring Considerations



If you need to liquidate retirement assets to pay for LTC costs:

- What will you liquidate first?
- What is the cost of liquidating these assets?
- What will be the impact to your retirement lifestyle?
- What is the impact for your beneficiaries?

Consider insuring for an LTC event.

What Is Long-Term Care Insurance (LTCI)?

- Insurance intended to help pay for some or all long-term care expenses of the insured
- Began as early as the late 1970s, as a nursing home only insurance
- Has expanded over the years to cover more services

Long-term care options have grown over the years.

Source: National Association of Insurance Commissioners (NAIC) & The Center for Insurance Policy and Research (CIPR), “The State of Long-Term Care Insurance: The Market, challenges and Future Innovations” by Eric C. Nordman, Director CIPR, May 2016, http://www.naic.org/documents/cipr_current_study_160519_ltc_insurance.pdf.

Common LTC Insurance Types Today

1. Traditional LTC Insurance
2. Asset-Based Life/LTC Insurance
3. Life Insurance with an LTC Accelerated Death Benefit Rider

Traditional Long-Term Care Insurance

Advantages:

- Lower premiums than other types of long-term care insurance
- Increases funds available for long-term care expenses
- Helps keep retirement assets from being liquidated to pay for LTC expenses
- LTC Benefits may grow in time if inflation benefit options are available

Disadvantages:

- Ongoing premiums, paid for life of insured
- Premiums may increase over time
- If long-term care is never needed, the money spent on premiums paid may be lost

Good option for those who need or want lower premium payments and flexibility in plan design.

Asset-Based Life/LTC Insurance

Advantages:

- Premiums are guaranteed; will never increase
- If LTC benefits are not needed, death benefit is paid to beneficiary or policy may be surrendered for Return of Premium Benefit
- Policy's cash surrender value remains an asset on a balance sheet and LTC Benefits may grow with inflation benefit options

Disadvantages:

- Premium is generally higher than traditional LTC insurance
- Death benefit and Return of Premium Benefit are generally equal to total premium paid

Good option for those who want to self-insure and can reposition a low-yielding asset.

Life Insurance with an LTC Accelerated Death Benefit Rider

Advantages:

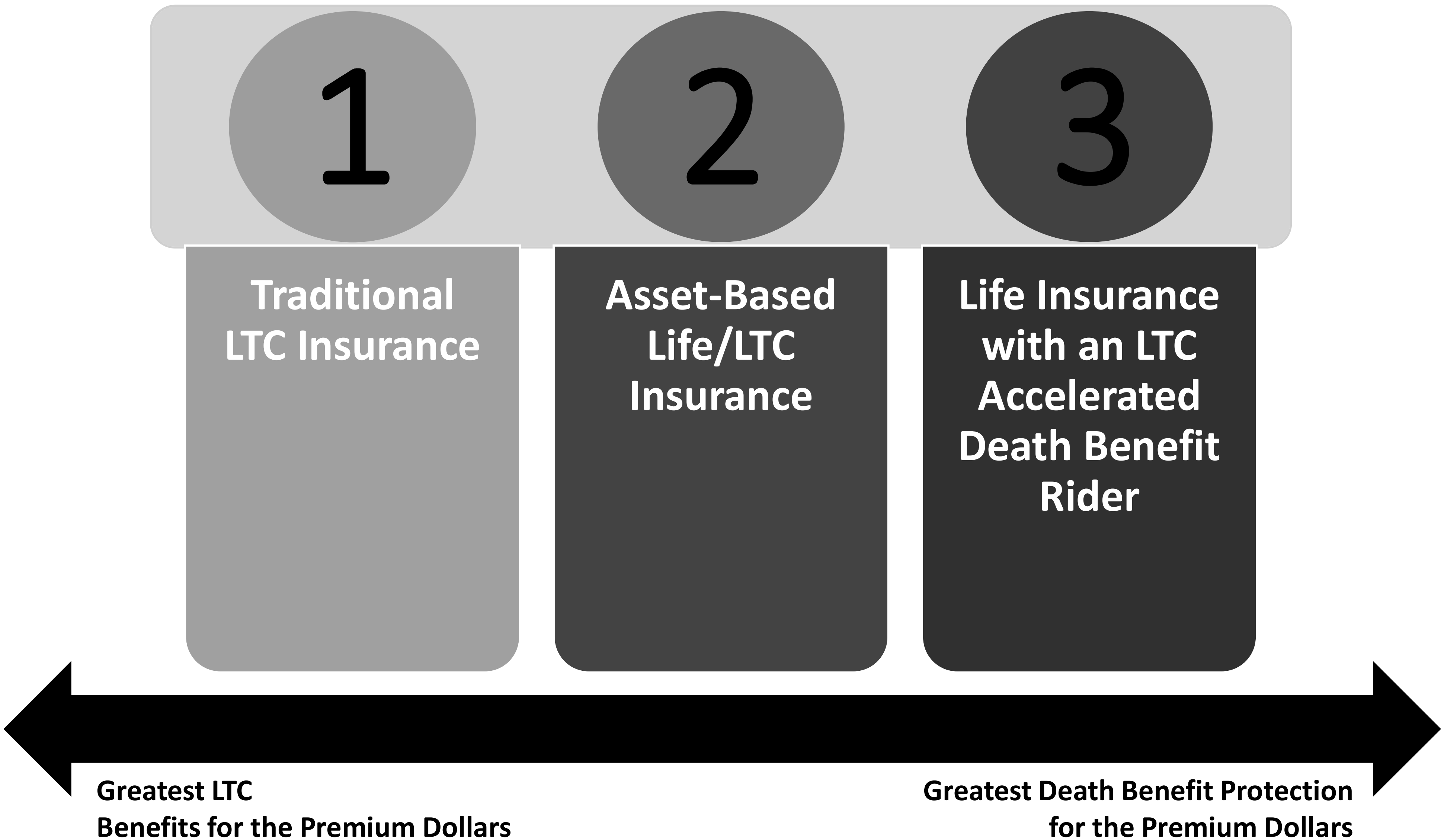
- Accelerates percentage of death benefit for LTC benefits
- Flexible premium payments
- Higher death benefit amount than Asset-Based Life/LTC

Disadvantages:

- LTC benefits paid reduce death proceeds paid to beneficiaries
- Must qualify for both life insurance and LTC insurance coverage
- Inflation benefit options may not be included

Good option for those that view LTC as a secondary issue. Person prefers death benefit protection and wants some LTC protection.

Greatest Need:
LTC or Life Insurance Protection?



Designing Your Long-Term Care Plan

- How much LTC benefit might I need?
- How long can I expect the LTC benefits to last?
- When do I expect I might need LTC?
- How long do I have to wait before benefits begin?
- Will I have support to guide me and my loved ones through the process of securing needed services?

Talk to your financial professional* about the options available to you.

*In order to sell life insurance products, a financial professional must be a properly licensed and appointed life insurance producer.

Start Planning Now

- Lock in rates while you are young and healthy for the most affordable premiums.
- With inflation benefit options, the sooner you buy, the longer your LTC benefits have grow.

Set up your next appointment with your Financial Professional to talk more about LTC and request a quote.

Life insurance with Long-term Care benefits is subject to underwriting and approval of the application and may include obtaining records from a physician. No medical exam is required, but a Medical Information Bureau (MIB) and prescription report will be ordered and a Personal History Interview and Cognitive Assessment will be performed via telephone as part of the underwriting process.

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